



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
DIRECTOR

STATE BOUNDARY COMMISSION

DOCKET #08-I-1
**PROPOSED INCORPORATION OF THE VILLAGE
OF SEBEWAING AS A HOME RULE CITY**

7-DAY REBUTTAL MATERIAL
October 20, 2008 – October 27, 2008

CORRESPONDENCE FROM

DATED/RECEIVED

1. Sebewaing City Committee

October 22, 2008

2. Sebewaing Township

October 27, 2008

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Holmes, Christine A (DLEG)

1

From: Charles Schweitzer [charlesschweitzer@att.net]
Sent: Wednesday, October 22, 2008 11:31 AM
To: Holmes, Christine A (DLEG)
Subject: Fw: SBC Docket #08-I-1

----- Forwarded Message -----

From: Charles Schweitzer <charlesschweitzer@att.net>
 To: Don Beers <djbeers@sebewaing.net>; jebrooks_foc@yahoo.com
 Sent: Wednesday, October 22, 2008 9:46:10 AM
 Subject: SBC Docket #08-I-1

Sebewaing City Committee
 Village of Sebewaing
 222 N. Center
 Sebewaing, MI 48759
 October 22, 2008

State Boundary Commission
 Office of Land Survey and Remonumentation
 P O Box 30704
 Lansing, MI 48909

RECEIVED
 DEPT. OF LABOR & ECONOMIC GROWTH

OCT 22 2008

STATE BOUNDARY COMMISSION

Dear State Boundary Commission:

As the committee that has researched Sebewaing becoming a city, we would like to respond to some of the letters sent during the 30-day public comment period. First let us say that there seems to be a lot of inaccuracies and misinformation in the community, and we cannot respond to each and every one of them. The following is an attempt to address the most pressing misinformation.

First, we would like to respond to the letter from the Township's lawyer, Wm. Fahey. When he stated that the Township pays \$23,000 toward Village annual road costs, he did not explain that this figure was an average over a number of years. Actually there were only three instances when the Township gave the Village money for roads. The Township does not give the Village \$23,000 per year for roads. He also did not mention that over the last six years, the Village residents, through Township millage, have paid over \$700,000 into the Township roads fund. The fact that almost all cities have a city manager does not mean that Sebewaing must have a city manager. His comparison of Sebewaing and Sparta is unfair because we do not know the unique problems between Sparta and their Township. In addition he only compared us to a village that decided not to become a city. What about all the other villages that have decided to become a city (many of them located in the Thumb area)? As far as the services provided by the Township -- Fire, Ambulance, Library, and Election -- it is our understanding that we own about 45% of these services because we have been paying for them through our Township taxes. Therefore, if we become a city, it is in the best interest of all to negotiate a reasonable settlement for all of these services. The Marina is a joint venture by the Township and the Village and the agreement is that each entity will pay 50% so if the Township pays \$8000, the Village also pay \$8000. If we become

10/22/2008

a city, it will not be our obligation to take over the Township's interest in the Marina. The last point we would like to make in response to the expense we have to pay for a lawyer. As Village residents we pay not only for our lawyer, but also through our Township taxes, we pay for part of the Township lawyer. Does that seem just?

Secondly, we would like to respond to the letters from some of the residents. Please note that the overwhelming majority of those letters were written by Hickory Court residents who want to have all the conveniences of living in the village, but don't want to be a part of village and want to complain because we charge them a little extra for the services. They also want to complain about the Village not using the Township Hall, but do not understand that the village tried to attach to the Township Hall in late 1999 and was refused at the January 3, 2000, meeting of the Township Board (see attachment). As far as the notification of the meetings, the members of the city committee handed out over 800 fliers to the village residents. We walked door-to-door in an attempt to save money. Hickory Court is not in the Village, and yet they wanted to be included. I think by their turnout at the public hearing, it's apparent that they definitely knew about the meeting.

The Township stated that the incorporation could have "the potential to be divisive in the community." We feel that the city incorporation is not at the root of our divisiveness. The root of the problem is much deeper. Both side need to work together, but the only reason the Township and Village have come together at the negotiation table is because the Village is trying to break away from the Township taxation by becoming a city.

In conclusion, we would like to state that even though we did not include Hickory Court in our original petition, we feel that since they have almost all the same services as the Village residents, they should be a part of us. If Hickory Court residents disagree with this, they do have recourse through a referendum. We feel that if we end the city process, the negotiations between the Village and Township will also end. We ask the State Boundary Commission approve our petition to become a city so we can move forward.

Sincerely,

Sebewaing City Committee

TOWNSHIP OF SEBEWAING

PHONE 517-883-2120

FAX 517-883-9723

P.O. BOX 687

SEBEWAING MI 48759

Mr. Donald Beers
Building Committee Chairman
Village of Sebewaing
108 West Main Street
Sebewaing, Mich. 48759

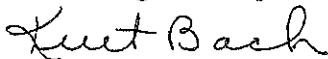
Mr. Beers

The Sebewaing Township Board met January 3, 2000 for its regular monthly meeting discussion was held on the proposed combination office building with the village and township, after much debating it was decided with a motion by Bach and 2nd by Layher that Sebewaing Township will not build a combination office together for various reasons.

The Township Board feels the time and money spent for this project was worth the investigation into the possibility.

The Township Board hopes to continue to work with the village in the near future for the betterment of the community.

Thank You
Sebewaing Township Clerk



Kurt Bach

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Holmes, Christine A (DLEG)

From: William Fahey [WFahey@fsblawyers.com]
Sent: Monday, October 27, 2008 1:52 PM
To: Holmes, Christine A (DLEG)
Cc: Sebewaing Township
Subject: Proposed City Incorporation of Village of Sebewaing; Docket No. 08-I-1

Good afternoon, Christine,

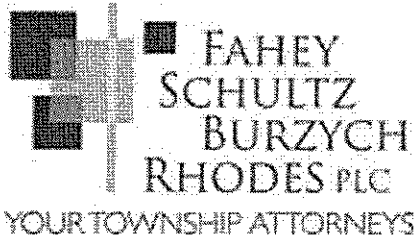
Attached for filing with the Commission are Sebewaing Township's Rebuttal and Appendices A - E. Please confirm that you have received these documents for filing.

I understand that this matter was tentatively scheduled for the Commission's November 13 meeting. Is that still the case?

Thank you for your assistance.

Very truly yours,

William K. Fahey



William K. Fahey, Attorney
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 Okemos, MI 48864
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OCT 27 2008

STATE BOUNDARY COMMISSION

NOTICES from Fahey Schultz Burzych Rhodes PLC:

Pursuant to United States Department of Treasury Circular 230, unless we expressly state otherwise in this communication, nothing contained in this communication was intended or written to be used by any taxpayer, and shall not be used by any taxpayer, for the purpose of (i) avoiding penalties that may be imposed by the Internal Revenue Service, or (ii) promoting, marketing or recommending to another party any matter or transaction addressed herein. If you want tax advice upon which you can rely to avoid tax-related penalties, or for the purpose of promoting, marketing or recommending to another party any

10/27/2008

STATE OF MICHIGAN
STATE BOUNDARY COMMISSION

In the Matter of the Petition for Incorporation of the
Village of Sebewaing into a Home Rule City.

Docket No. 08-I-01

SEBEWAING TOWNSHIP'S REBUTTAL

INTRODUCTION

Sebewaing Township, by its attorneys, Fahey Schultz Burzych Rhodes PLC, respectfully presents this Rebuttal for consideration by the State Boundary Commission. The purpose of this Rebuttal is to respond to various statements made by the Village of Sebewaing and its officials.

REBUTTAL CONCERNING THE SECTION 9 CRITERIA

Criteria 3 - 8. Land Area; Land Uses; Assessed Valuation; Topography; and Natural Boundaries and Drainage Basins; Past and Probable Future Urban Growth, Including Population Increase and Business, Commercial and Industrial Development in the Area.

The Village's 30-Day Materials (Item 33) have corrected the amount of agricultural property within the Village to **178.298 acres**, and the total acreage in the Village to 1024 acres. (This does not include the substantial additional agricultural property in the expanded area.) Thus, **17.4% of the existing Village property is zoned agricultural**, and according to the Village, 98% of that zoned land is actually used for agriculture.

By comparison, the Village admits in its 30-Day Materials that only 82.2 acres (8.0% of the Village) are used for commercial purposes and only 40.1 acres (3.9% of the Village) are used for industry. The relative preponderance of agricultural uses and scarcity of

industrial and commercial uses in the Village further demonstrate the imprudence of the city incorporation proposal. **The Village is itself still largely a rural entity.** There is nothing about the Village's past development or present character that suggests it should become a city.

The 30-Day Materials submitted by the Village (Item 33) also reconfirm that the Village has approximately 274 acres of commercially zoned land, **70% of which is not yet in use**; and 83 acres of industrially zoned land, of which **50% is not yet used**. The Village also states that it has 47 unused acres of residentially-zoned land. Thus, the Village would be able to accommodate substantial additional growth within its existing boundaries, without incorporating as a city.

10 - 15. Need for Organized Community Services; Probable Needs for Services; Practicability of Supplying such Services in the Area to be Incorporated; Probable Effect of the Proposed Incorporation and of Alternative Courses of Action on the Costs and Adequacy of Services in the Area to be Incorporated and on the Township; and The Probable Increase in Taxes in the Area to be Incorporated in Relation to the Benefits Expected to Accrue from Incorporation.

As the Township Demonstrated in its 30-Day Submissions, the cost to the proposed city of duplicating the existing Township services would require an **additional millage of at least 7.6817 mills** above what the Village currently levies. Unlike other villages, which depend on the township to provide only elections and tax assessing and collection services, the Village of Sebewaing depends heavily on the Township for several other needed services, including fire and ambulance service, library service, an airport, support for roads, and support for the marina. The Village's analysis of the city incorporation question largely overlooks the additional costs to the proposed city of maintaining or duplicating these services.

The Village says in its 30-Day Materials (Item 33) that the origin of the city incorporation idea came from a Michigan Municipal League (MML) "article about villages filing to be incorporated as a Home Rule City." The article that the Village mentions (See attached Appendix A, "*Impact of Changing from a Village to a City*") was written in 2003 by MML Associate General Counsel Sue Jeffers. If the Village had read Ms. Jeffers' article more carefully, it may have noticed her statement that "[a]lthough the township government may perform certain local services for village residents, this is perhaps the exception rather than the rule." (See attached Appendix A, p 2). She added that:

"Some townships . . . do provide certain services and public facilities, most commonly fire protection, libraries and cemeteries. There may be some additional expense to the new city government if such services are to be continued.

"Due to widely varying local situations, it is not safe to generalize, and a careful analysis must be made in each instance to determine the cost and effect of the city's assuming such services." (See attached Appendix A, p 3).

Although claiming to follow the invitation of MML's Ms. Jeffers to consider incorporation, the Village has failed to heed her admonitions. The Village's analysis of the additional costs it will be required to undertake if it becomes a city is shockingly inadequate. For example, in its presentation to the Boundary Commission (Item 2), the Village did not even acknowledge that it receives library service, airport service, marina support and road support from the Township. The Village's analysis wrongly assumes that the Township will continue to provide these services, as well as fire and ambulance service, at no cost to the new city! The Village's estimated "savings" of "5.2542 mills" are based on a deeply flawed analysis.

What is even worse in this case is the Village's failure to acknowledge that it is presently receiving these Township services at bargain prices that are subsidized by the rest of the Township. As the Township demonstrated in its 30-Day Submissions, Village residents pay substantially less per capita for library service than the rest of the Township and Village property taxpayers pay substantially less per run for fire and ambulance service than the rest of the Township. Giving the Township no credit for these financial benefits, the Village began this incorporation proceeding because the Township would not meet the Village's ultimatum to extend the same subsidies to police service by agreeing to "take over" the Village police department and by paying for a larger share of the Village's road costs (See Township's 30-Day Submissions, Exhibit 2).

The Village also fails to acknowledge the costs of professional management that would be required if it becomes a city. If the Village truly believes that it will not need to hire a city manager, then it fundamentally misunderstands the nature of the city incorporation it is considering. As Ms. Jeffers explained in the same article the Village claims it is following, "Responsibility for day-to-day administrative matters would be placed either in an elected chief executive, such as a mayor, or in an appointed city manager or administrator." (See attached Appendix A, p 6). As demonstrated by an MML list of Michigan cities (See attached Appendix B, "*Home Rule Cities in Michigan*"), the vast majority of Michigan cities have a manager, superintendent or supervisor. (In contrast, relatively few villages have managers; see attached Appendix C, "*General Law Villages in Michigan*"). Those few cities that do not have managers are generally the larger cities (like Detroit, Dearborn, Lansing, etc.) that have a strong mayor-council form of organization. Whether a city has a strong mayor or a manager, however, the city must incur substantial

personnel cost for the official (and his or her staff) that must run the day-to-day affairs of the city. The Village has no plan for how it will support the cost of this required administration.

As a village, the Village of Sebewaing already enjoys many advantages, as the MML explained in one of its publications (See attached Appendix D, "*Advantages of Village Incorporation*"). That publication also explains that, rather than incorporate as a city, the Village should consider converting from a general law village, as it is today, to a home rule village, like 48 other Michigan villages have done. This option would give the Village the additional advantage of adopting its own unique charter, without incurring the additional expenses that would be required if it becomes a city.

16. The Financial Ability of the Incorporating Municipality to Maintain Urban Type Services in the Area.

Clearly, the Village is struggling to bear the cost of the services it presently provides, as witnessed for example by its ultimatum to the Township to "take over" the Village police department (See Township's 30-Day Submissions, Exhibit 2). In its 30-Day Materials (Item 33), the Village included the details of its current budget, which may help to explain in part why the Village is struggling. (Note that the Village budget presented to the Boundary Commission does not include the Village's profitable Light and Water Department and the accompanying funds of that department.)

Of the Village's \$1.9 million budget in 2007-8, the Village budgeted \$729,580 (38.8%) for personnel expenses alone (including payroll, FICA, hospitalization, retirement, bonuses, unemployment, meetings, uniforms and training). By comparison, the Township spends only \$167,180 (21.2%) of its \$790,183 budget for personnel expenses (See

attached Appendix E, "*Township of Sebewaing Schedule of Revenue, Expenditures and Change in Fund Balance, March 31, 2006*").

The Village's police department is its largest general fund expense, comprising \$341,600 (37.4%) of the Village's \$912,290 general fund expenses. In addition, the police department personnel expense accounts for \$277,175 (38.0%) of the Village's total personnel expense for all funds combined.

The Village certainly faces difficult choices with its police department, but it must make a choice to either reduce those costs or continue to fund the department at its present level. Since it is the Village that desires and most benefits from a police department, it is unreasonable for the Village to expect that the Township would "take over" the police department to relieve the Village of that expense. The proposed incorporation will not solve the Village's police department and other expense issues. Instead, as demonstrated above, city incorporation would seriously exacerbate the Village's expense situation.

CONCLUSION

For the purposes of these proceedings, the Village has failed to demonstrate any advantage that would be achieved by the Village residents (much less the community as a whole) if the Village were to reorganize as a city. Unfortunately, those who have sponsored this cityhood proposal have not considered all the consequences, and do not have a clear and cogent plan for how to solve the Village's issues. Instead, they find it more politically expedient to attack the Township. Despite these unfounded attacks, the Township has attempted to work with the Village leaders, is continuing to meet with the

Village, and will in the future continue these efforts, regardless of how this matter is ultimately resolved by the Boundary Commission.

Respectfully submitted,

October 27, 2008

FAHEY SCHULTZ BURZYCH RHODES PLC
Attorneys for Sebewaing Township

A handwritten signature in cursive script that reads "William K. Fahey". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right.

William K. Fahey

Impact of changing from a village to a city

edited by Sue A. Jeffers

Since 1931 there has been a steady conversion of villages to cities in Michigan. This trend may indicate that there are certain advantages to be gained by changing to the city form of government.

This article is an attempt to present an objective analysis of the factors which may influence a decision to remain a village or to seek city status. A secondary objective of this article is to compare city government with village government for citizens of built-up township areas, who may be considering some form of municipal incorporation.

All new city or village incorporations, with or without a change in boundaries, must come before the State Boundary Commission (1968 PA 19, as amended). Proposed consolidation and annexation must follow the same procedure. The only exception is for a village which constitutes all the remaining territory of a township (MCL 123.1010). Lake Angelus is an example of a city incorporated under this provision.

An important secondary advantage to be gained by incorporating as a city is the opportunity to draft a new charter under the provisions of the Home Rule City Act (1909 PA 279). The new charter may include an organizational pattern and administrative procedures which are designed for that specific municipality. While such a charter may also be secured through the process of charter revision as a home rule village, the additional benefits to be derived from city incorporation may provide the necessary stimulus for bringing it about sooner. The advantage of charter modernization

might also accrue to home rule villages operating under charters which contain obsolete provisions or are otherwise out of date.

While emphasis has been placed on the advantages of incorporating as a home rule city with the establishment of a new and more modern organizational plan, only brief reference is made to the various organizational patterns which are being used in Michigan. The selection of an organizational plan for the government of a new city is the responsibility of the charter commission elected to carry out the important duty of drafting a new charter. Information about the alternate forms of municipal organization may be secured from League headquarters.

Every consideration has been given to presenting whatever disadvantages may flow from incorporation as a city. However, the continuous study of the subject has shown that, in general, the advantages of city incorporation will result in little or no increase in the cost of government. Disadvantages that may arise because of local conditions will be apparent to officials and citizens of that particular community. The timing of the change from village to city may be all-important, and careful consideration should be given to these local conditions.

The difference between a village and a city

Local government activities in Michigan may be divided into two broad classes based upon the type of activity performed. The first class consists of certain duties required of primary local units of

Why don't more villages become cities?

There are in Michigan 534 cities and villages, 273 are cities, 261 are villages. (Unincorporated urbanized areas – generally very small – are neither cities nor villages). However, city government is not limited to large communities. On the basis of the 2000 census, there are eight Michigan cities under 750 population, seven between 750 and 999, 17 between 1,000 and 1,499 and 53 between 1,500 and 2,999. Indeed, 32.1 percent of all cities in Michigan have a population under 3,000.

The question might well be raised as to why there are so many villages in Michigan if there are advantages to city incorporation. The chief reason for this, of course, is that almost 50 percent of incorporated villages in the state do not meet the prerequisite of a minimum population of 750 and therefore are not eligible for making the change to the city form of government. Another important reason is simply lack of knowledge, since it was not until the League began publishing information on this subject that interest in city incorporation was aroused.

government by the state. These legally required duties are:

1. Assessing property as a basis of county and school taxes.
2. Collecting taxes for the counties and schools.
3. Conducting county, state and national elections.

The second broad class consists of local services such as fire protection, police protection, water supply, sewage disposal, zoning, public health, etc.

The primary local units of government in Michigan are cities and townships. These two units perform the duties required by the state and, in varying degrees, furnish local services. Accordingly, the entire state is divided into non-overlapping cities and townships, to which the legally required duties are assigned. Whenever a new city is incorporated, the area within the incorporated boundaries is withdrawn from the township for all governmental purposes.

A village is not a primary local unit of government because it does not assess or collect taxes (except its own village tax) or conduct a Michigan election (except its own election). Village territory remains part of a township area, village citizens are also township voters and taxpayers, and the township government provides for residents of the village the legally required duties imposed by the state as outlined above.

Although the township government may perform certain local services for village residents, this is perhaps the exception rather than the rule. The purpose in organizing a village is to furnish local services to residents of a built-up area in the township which the township government, due to its limitations, cannot provide. However, village taxpayers pay for such local services and, in addition, help support the township government. The extent of this double burden varies considerably from one township to another. Since townships receive state shared sales tax and income tax revenues, the direct cost to village residents for township government may be marginal.

In cities, however, local government activities – both state-imposed duties and local services – are unified in one government. Similarly, within the unincorporated areas of townships, the full combination of legally required duties, and any local services provided, are the sole responsibility of the township government. Only in villages are the governmental activities divided between two governments. Village residents, therefore, live under and support two local units of government – the village and the township.

Changing from a village to a city, reduced to its simplest terms, means withdrawing from the township and providing through the new city government the local services formerly provided by the village and whatever necessary and non-duplicating functions were provided by the township government.

The effect of separation from the township

Assuming state-imposed duties
Upon incorporation, the new city must assume the legally required duties previously imposed on the township.

1. Assessing Property for County and School Taxes

Effect of city assessing of property. If the village changes to a city, all property would be assessed by a city assessor and a city board of review for all purposes – city, county and school. There are several important advantages in having property assessment under municipal control.

First, it is done by an assessor responsible directly and solely to the citizens of the city.

Second, the board of review, provided for by the city charter, would also be responsible only to the citizens of the city.

Third, the separation from the township for assessing purposes eliminates the possibility of a township assessing residential and commercial property at a higher ratio to value than agricultural property, thus tending to cause the village residents to pay a disproportionately higher share of school, county and township taxes. Creating a city separates the former township into two assessment districts, and provides the legal means for equalization of rural assessments and city assessments at the same level to insure a fair sharing of the costs of county and school government.

Cost of property assessment by city. This particular change could increase the cost of a city government compared with a present village government. The new city will be required to assess property for county and school taxes in addition to city taxes. A village which becomes a city must reestablish complete assessment operations.

2. Collecting County and School Taxes

Effect of city collection of taxes.
The billing and collecting of county and school taxes on property within a village is performed by the township. A new city would have to take over this activity. There would be substantially no effect upon the taxpayer from this change, with the exception that all property taxes would be paid to the city treasurer.

Cost of city collection of taxes.
A new city probably would incur some additional expense, as compared to the present village, for the collection of school and county taxes. However, the village treasurer's office is already in operation and part of the cost of collecting school and county taxes can be derived from the property tax administration fee which the city may

add to these taxes pursuant to the General Property Tax Act (MCL 211.44). Additional funds may be derived by collection of the so-called "excess of roll" – an amount, not to exceed one half of one percent, which may be added to the several taxes collected for the purpose of avoiding fractions in computations (MCL 211.39).

3. Conducting county, state and national elections: registration

Effect of city maintaining registration records. Under village organization in Michigan, a village maintains a voter registration record and conducts elections for village purposes only. A township maintains a separate voter registration record of village voters for township, county, state and national elections. As a result, the voter must be registered in both township and the village in order to vote in all elections. In a city, however, the registration records for all election purposes are combined. A person need only register once with the city clerk.

The effect of changing from a village to a city, in this particular instance, is to save a great deal of confusion for the voter. Many voters do not realize that there are two separate sets of election officers and two separate sets of registration books, and mistakenly believe that one registration is sufficient for all elections. This sometimes results in the voter being ineligible to vote either in elections conducted by the township or in village elections.

Cost of city maintaining voter registration records. The responsibility for voter registration for county, state and national elections would not increase the cost of municipal government under the city form, because the one municipal registration record would simply serve for all elections. Present

township registration records for this purpose merely duplicate the registration records already kept by the village government.

4. Conducting county, state, and national elections: voting facilities

Effect of city providing voting facilities. The citizens of a city would vote in the same place for all elections, and this single voting place would be within the city limits. A village resident, however, must vote in one place for village elections and another place for national, state and county elections, which may be outside the village limits.

Cost of city providing voting facilities. The cost of conducting county, state and national elections would be an additional expense for the new city as compared to the present village. However, the cost is likely to be small. If paper ballots are used, they are supplied by the county clerk. If voting machines are used, there is no cost for ballots. The only additional cost to the new city would be the publication of the election notices and compensation of election officials on election day.

Assuming township local services

In addition to assuming the legally required duties imposed by the state, the new city would also have the responsibility for any local municipal service now being performed by the township which it may be desirable to continue. As pointed out above, the township government provides few local services to the village residents. Some townships, particularly in heavily populated areas, do provide certain services and public facilities, most commonly fire protection, libraries and cemeteries. There may be some additional expense to the new city

Recent incorporation activity

Incorporation

Village of Clarkston, 1992
(GLV to HRC)
Lake Isabella, 1998
(unincorporated area to HRV)
Brown City, 1998
(4th Class City or HRC)
City of Iron River, 1998
(consolidation of Cities of Iron River and Stambaugh and Village of Mineral Hills (GLV))
Village of Chelsea, 2003, elected a charter commission
Village of Douglas, 2003, in process of electing a charter commission

Unsuccessful Incorporation Attempts

Whitmore Lake Township, 1990
(Twp to HRC)
Village of Lake Orion, 1993
(HRV to HRC)
Village of Holly, 1988, 2002
(HRV to HRC)
Village of Bellaire, 2002
(GLV to HRC)

Unsuccessful Dissolution Votes

Village of Roscommon, 1993 (GLV)
Village of Lannon, 2000 (HRV)
Village of Richland, 2001 (GLV)

government if such services are to be continued.

Due to widely varying local situations, it is not safe to generalize, and a careful analysis must be made in each instance to determine the cost and effect of the city's assuming such services. In any such analysis, the amount of township property tax is an important factor. The larger the township tax the greater the potential savings to the taxpayer by incorporation as a city.

One other matter deserves mention as a possible disadvantage in regard to cemetery service. The law provides that a township cemetery located within the boundaries of the new city becomes the property of the city. Revenues rarely pay for the cost of operating a cemetery, and the city taxpayers will be called upon to make up the difference.

Upon incorporation as a city, joint contractual relations with the township will not be severed. Joint fire protection or disaster control plans or any other service currently provided jointly by the village and township may continue in operation as before. This will not entail any additional expense and, again, depending upon whether or not a township property tax is being levied, there may be a saving to the taxpayer in the city.

General effects

Simplification of government would be the result of changing from a village to a city. As village residents, citizens are part of two local governments. As a result, they must elect not only a village council, but the township officers making up the township board. Thus, they have two governing bodies - one for village purposes and one for township purposes and the township government is only partly responsible to the citizens of a particular village because generally it serves a much larger area. Village residents have the inconvenience of dealing with the village clerk on some matters and the township clerk on others. They pay village taxes to the village treasurer, but township, county and school district taxes are paid to the township treasurer. They have a village council taxing them for certain governmental services and a township board taxing them for others. They must

also hold a township primary election in addition to the village election. It may not be a major problem to be under two local governments, but it is an unnecessary inconvenience, expense and waste of time. The net effort of the situation is the lack of interest in and control of the "second," or township government. As a city, all local affairs will be managed by a government consisting only of citizens of the municipality and responsible only to them.

The word "city" is often thought of as meaning a complex government unit providing more services at a greater expense to the taxpayer than in the case of a village. This is not the case. The city council may wish to maintain the same level of local services as was formerly provided by the village. In this case, the only increase in cost to the citizens would be the slight additional cost of carrying out the duties required by the state. As pointed out above, this is not a major item.

City incorporation would mean a saving in township taxes. (This does not refer to county and school district taxes collected by the township.) With the incorporation of a city, township taxes, if any are levied, will be discontinued within the municipal boundaries. Again, in fairness, it should be noted that some townships do not levy a tax, and of those that do, few have a high rate. Although this tax may be small, city incorporation means that any township taxes are saved not only for one year but permanently.

Further, city incorporation would eliminate the existing confusion about the authority of the township to enforce its ordinances within the village. In recent years the state legislature has conferred more substantial ordinance making powers on townships. As one

result, confusion has arisen as to whether such ordinances are in effect within the village. Some townships have sought to enforce their ordinances within the village even though in conflict with the village's ordinances. There is still no clear-cut legislative answer to this problem. A somewhat similar problem is posed when a township law enforcement officer seeks to exert police authority within the village.

City incorporation will also mean a sharing in the township's assets and liabilities. When a new city is incorporated, the assets and liabilities are divided with the city in the proportion that the assessed valuation in the area incorporated as a city bears to the total township assessed valuation before the city incorporation. The assets mentioned refer to personal property such as cash on hand or invested, furniture and fixtures, equipment and so forth. In addition, any real property owned by the township and located in the area incorporated as a city would be held jointly by the city and township and is subject to division in the same ratio as personal property.

School districts in Michigan are separate and distinct from local government units. There would be no change in the size, composition or organization of the school districts in the community as a result of incorporation as a city. The new city, however, would replace the township as the agency for the collection of school district taxes. School taxes would be collected normally by the city treasurer instead of by the township treasurer.

Modernizing the form of government

In addition to the advantages of city incorporation which arise from separation from the township, there is also the opportunity of improving the organization of the

local government itself. Before a change from village to city government can be accomplished, the local citizens must vote favorably on the adoption of a city charter. The procedure to become a city requires that a charter commission of local citizens be elected to draw a change for presentation to the electorate of the new city. This compulsory preparation of the charter automatically provides consideration of improvements and changes in the existing form of government.

The type of charter is important because it determines, in large measure, how well a city can operate with the greatest economy, benefits and convenience to its citizens. Based upon the experience of a large number of Michigan cities during the past 40 years or so, it is evident that the most satisfactory form of local government is home rule government.

Most of the villages in the state considering the change to city government are now operating under the General Law Village Act (1895 PA 3). During the years since this law was passed, much thought has been given to providing better systems for local government. The General Law Village Act has been frequently amended, most recently in 1998.

The Home Rule City Act permits the drafting and adoption of a charter custom designed to best suit the needs and requirements of each individual city operating under its own charter. In other words, while every general law village has to operate under the same charter (that is, the General Law Village Act), every home rule city has the opportunity to operate under its own locally written and locally adopted home rule charter. Certain broad limitations and

requirements are outlined by state law, but the details of organization are decided by the elected local charter commission and must be approved by the local electorate.

Powers of municipalities

Prior to the 1998 amendments, it was clear that powers of general law villages were confined to those specifically enumerated and those that must be necessarily implied. Delegated powers were strictly construed.

The 1998 amendments provided that villages were given the power to exercise all municipal powers in the management and control of municipal property, whether enumerated or not, and to do any act to advance the interests of the village. Those powers were also to be liberally construed in favor of the village. Likewise, the purpose of the home rule powers conferred by the Constitution and the implementing statutes is to confer upon local units broad powers in the conduct of their own affairs.

Tax rate limits

The Home Rule City Act is somewhat generous and less cumbersome with regard to the levying of taxes than the General Law Village Act. The latter permits 12 ½ mills for the general fund, 5 mills for the street fund and 1 mill for cemetery purposes. The Home Rule City Act provides for the establishment of a tax rate limitation in the charter up to a maximum of 20 mills for all purposes to be allocated at the discretion of local officials.

Michigan villages and cities may also levy three mills for garbage collection and disposal services. (See 1917 PA 298, as amended, MCL 123.261)

Modern financial and personnel provisions

A home rule charter for a city will normally provide for the installation of adequate procedures and controls to enable the local unit to operate in an efficient, businesslike manner. As a matter of fact, in recent years, many of the techniques of private business have been profitably adapted to governmental use. For instance, a modern system of budgeting and budget control is almost always required, providing that a city government operate within the limits of an annual budget. Most modern city home rule charters in Michigan provide for centralized purchasing, which gives the city the advantage of low-cost buying by pooling the needs of all the various city departments and purchasing them in lots. Controls on purchasing and contracting and the requirement of an annual independent audit of all municipal accounts are among the financial provisions which are generally included to protect the citizens and taxpayers against misuse of public funds and public property.

Provision for the adoption of a merit system or a system of civil service is often included in new city charters. Such a provision means that appointments, promotions and removal of city employees must be based on performance of duties without reference to matters which have nothing to do with the ability of the employee or the character of the work.

Many of the criticisms directed to the General Law Village Act for lack of modern financial and personnel provisions were addressed in the 1998 amendments.

Up-to-date organization

Equally important to securing additional powers and more

flexibility in administration is the opportunity for local citizens to determine their own city government organization. Within the framework of a minimum of mandatory requirements laid down in the Home Rule City Act, a charter commission is free to determine the type of governmental organization best suited to the needs and desires of that particular community.

It is not the purpose of this article to discuss at length the available forms of government or to urge the adoption of a particular form. Rather, it is our purpose to point out some of the options available to the charter commission.

The charter commission will want to study the principal organizational forms used here in Michigan – the weak mayor form, the strong mayor form and the council-manager form. The members of the charter commission will want to examine the strengths and weaknesses of these forms, and some of the variations which have been used.

One option for local government organization which the charter commission might wish to consider is the adoption of the "short ballot" principle for the election of policy-making officials. With this approach, the authority for policy formulation is centered in a small governing body of elected officials. This body of officials, designated as either council members or commissioners and usually composed of five, seven or nine mem-

bers, which may include the mayor, is directly responsible to the will of the electorate. In this way, the citizens can have no doubt as to where the responsibility lies for the determination of municipal policies.

Responsibility for day-to-day administrative matters would be placed either in an elected chief executive, such as a mayor, or in an appointed city manager or administrator. Other administrative officers would be appointed on the basis of their qualifications for the job. Consequently, the selection of personnel for technical and managerial positions would be through the evaluation of an applicant's qualifications and experience by proficient and responsible public administrators rather than through the outcome of popular elections. Also the number of administrative officials employed could be based upon the specific needs of the city, not the inflexible requirements of a general statute. In general law villages, the clerk, treasurer, and assessor must be elected. In home rule cities these officers are generally appointed, and to a large extent the distribution of duties and functions between such officers is within the discretion of the charter commission.

The charter commission will also want to give consideration to election methods. Partisan elections are no longer required in general law villages. Home rule permits greater flexibility. In

Michigan the trend in modern charters has been toward non-partisan elections.

NOTE: Home rule village status may be of particular interest to areas or villages of less than 750 population, the minimum population to achieve city status (except that any county seat village may reincorporate without regard to population requirements, and villages lying in more than one township need a population of only 600 for reincorporation as a city).

It is possible to become a home rule village (assuming certain minimal population standards, a favorable order by the State Boundary Commission, an incorporation petition and a favorable vote of the electorate approving a village charter). Although a home rule village can have its own flexible charter and flexible taxing authority similar to that of a home rule city, all villages remain a part of the township and all village property assessments must be identical to those of the township. ♦

This article is a revision of the MML Municipal Report, Impact of Changing from a Village to a City. For more information on incorporating as a city, please contact the MML Resource Center at 800-653-2483 or info@mml.org.

Sue Jeffers is associate general counsel for the Michigan Municipal League. You may contact Sue at 734-669-6306 or sjeffers@mml.org.

Appendix B

Home Rule Cities in Michigan (as of January 2004)

	Population		Population		Population
Adrian	21,574 *	Croswell	2,467 *	Grosse Pointe Farms	9,764 *
Albion	9,144 *	Crystal Falls	1,791 *	Grosse Pointe Park	12,443 *
Algonac	4,613 *	Davison	5,536 *	Grosse Pointe Woods	17,080 *
Allegan	4,838 *	Dearborn	97,775	Hamtramck	22,976
Allen Park	29,376 *	Dearborn Heights	58,264	Hancock	4,323 *
Alma	9,275 *	Detroit	951,270	Harbor Beach	1,837 *
Alpena	11,304 *	DeWitt	4,702 *	Harbor Springs	1,567 *
Ann Arbor	114,024 *	Dowagiac	6,147 *	Harper Woods	14,254 *
Auburn	2,011 *	Durand	3,933 *	Harrison	2,108
Auburn Hills	19,837 *	East Grand Rapids	10,764 *	Harrisville	514
Au Gres	1,028 *	East Jordan	2,507 *	Hart	1,950 *
Bad Axe	3,462 *	East Lansing	46,525 *	Hartford	2,476 *
Bangor	1,933 *	East Tawas	2,951 *	Hastings	7,095 *
Battle Creek	53,364 *	Eastpointe	34,077 *	Hazel Park	18,963 *
Bay City	36,817 *	Eaton Rapids	5,330 *	Highland Park	16,746 *
Beaverton	1,106 *	Ecorse	11,229	Hillsdale	8,233 *
Belding	5,877 *	Escanaba	13,140 *	Holland	35,048 *
Belleville	3,997 *	Essexville	3,766 *	Houghton	7,010 *
Benton Harbor	11,812 *	Evart	1,738 *	Howell	9,232 *
Berkley	15,531 *	Farmington	10,423 *	Hudson	2,499 *
Bessemer	2,148 *	Farmington Hills	82,111 *	Hudsonville	7,160 *
Big Rapids	10,849 *	Fennville	1,459	Huntington Woods	6,151 *
Birmingham	19,291 *	Fenton	10,582 *	Imlay City	3,869 *
Bloomfield Hills	3,940 *	Ferndale	22,105 *	Inkster	30,115 *
Boyer City	3,503 *	Ferrysburg	3,040 *	Ionia	10,569 *
Bridgman	2,428 *	Flat Rock	8,488	Iron Mountain	8,154 *
Brighton	6,701 *	Flint	124,943 *	Iron River	3,386 *
Bronson	2,421 *	Flushing	8,348 *	Ironwood	6,293 *
Brown City	1,334 *	Frankenmuth	4,838 *	Ishpeming	6,686 *
Buchanan	4,681 *	Frankfort	1,513 *	Ithaca	3,098 *
Burton	30,308	Fraser	15,297 *	Jackson	36,316 *
Cadillac	10,000 *	Fremont	4,224 *	Kalamazoo	77,145 *
Carson City	1,190 *	Gaastra	339 *	Keego Harbor	2,769 *
Caspian	997 *	Galesburg	1,988	Kentwood	45,255
Cedar Springs	3,112 *	Garden City	30,047 *	Kingsford	5,549 *
Center Line	8,531 *	Gaylord	3,681 *	Laingsburg	1,223
Charlevoix	2,994 *	Gibraltar	4,264 *	Lake Angelus	326
Charlotte	8,389 *	Gladstone	5,032 *	Lake City	923 *
Cheboygan	5,295 *	Gladwin	3,001 *	Lansing	119,128
Chelsea	4,398 *	Gobles	815	Lapeer	9,072 *
Clare	3,173 *	Grand Blanc	8,242 *	Lathrup Village	4,236 *
Clarkston	962 *	Grand Haven	11,168 *	Leslie	2,044 *
Clawson	12,732 *	Grand Ledge	7,813 *	Lincoln Park	40,008
Clio	2,483 *	Grand Rapids	197,800 *	Linden	2,861 *
Coldwater	12,967 *	Grandville	16,263 *	Litchfield	1,458 *
Coleman	1,296	Grant	881 *	Livonia	100,545 *
Coloma	1,595	Grayling	1,952 *	Lowell	4,013 *
Coopersville	3,910 *	Greenville	7,935 *	Ludington	8,357 *
Corunna	3,381 *	Grosse Pointe	5,670 *	Luna Pier	1,483 *

Mackinac Island	523 *	Otsego	3,933 *	South Haven	5,021 *
Madison Heights	31,101 *	Owosso	15,713 *	South Lyon	10,036 *
Manistee	6,586 *	Parchment	1,936 *	Southfield	78,296 *
Manistique	3,583 *	Perry	2,065	Southgate	30,136 *
Manton	1,221 *	Petersburg	1,157	Springfield	5,189 *
Marine City	4,652 *	Petoskey	6,080 *	Standish	1,581 *
Marlette	2,104 *	Pinconning	1,386 *	Stanton	1,504
Marquette	19,661 *	Plainwell	3,933 *	Stephenson	875
Marshall	7,459 *	Pleasant Ridge	2,594 *	Sterling Heights	124,471 *
Marysville	9,684 *	Plymouth	9,022 *	Sturgis	11,285 *
Mason	6,714 *	Pontiac	66,337	Swartz Creek	5,102 *
McBain	584	Port Huron	32,338 *	Sylvan Lake	1,735 *
Melvindale	10,735 *	Portage	44,897 *	Tawas City	2,005 *
Memphis	1,129	Portland	3,789 *	Taylor	65,868
Menominee	9,131 *	Pottersville	2,168 *	Tecumseh	8,574 *
Midland	41,685 *	Reading	1,134 *	Three Rivers	7,328 *
Milan	4,775 *	Reed City	2,430 *	Traverse City	14,532 *
Monroe	22,076 *	Richmond	4,897 *	Trenton	19,584 *
Montague	2,407 *	River Rouge	9,917	Troy	80,959 *
Montrose	1,619 *	Riverview	13,272 *	Utica	4,577
Morenci	2,398 *	Rochester	10,467 *	Vassar	2,823 *
Mount Clemens	17,312 *	Rochester Hills	68,825 *	Wakefield	2,085 *
Mount Morris	3,194 *	Rockford	4,626 *	Walker	21,842 *
Mount Pleasant	25,946 *	Rockwood	3,442 *	Walled Lake	6,713 *
Munising	2,539 *	Rogers City	3,322 *	Warren	138,247
Muskegon	40,105 *	Romulus	22,979	Watervliet	1,843 *
Muskegon Heights	12,049 *	Roosevelt Park	3,890 *	Wayland	3,939 *
Negaunee	4,576 *	Rose City	721	Wayne	19,051 *
New Baltimore	7,405	Roseville	48,129 *	West Branch	1,926 *
New Buffalo	2,200 *	Royal Oak	60,062 *	Westland	86,602
Newaygo	1,670 *	Saginaw	61,799 *	White Cloud	1,420 *
Niles	12,204 *	Saint Clair	5,802 *	Whitehall	2,884 *
North Muskegon	4,031 *	Saint Clair Shores	63,096 *	Whittemore	476
Northville	6,459 *	Saint Ignace	2,678 *	Williamston	3,441 *
Norton Shores	22,527 *	Saint Johns	7,485 *	Wixom	13,263 *
Norway	2,959 *	Saint Joseph	8,789 *	Woodhaven	12,530 *
Novi	47,386 *	Saint Louis	4,494 *	Wyandotte	28,006 *
Oak Park	29,793 *	Saline	8,034 *	Wyoming	69,368 *
Olivet	1,758	Sandusky	2,745 *	Yale	2,063 *
Omer	337	Saugatuck	1,065 *	Ypsilanti	22,362 *
Onaway	993 *	Sault Ste Marie	16,542 *	Zeeland	5,805 *
Orchard Lake Village	2,215	Scottville	1,266 *	Zilwaukee	1,799 *

* Home Rule City with a manager, superintendent or supervisor position

Appendix C

General Law Villages in Michigan (as of January 2004)

	Population		Population		Population
Addison	627	Constantine	2,095 *	Kingsley	1,469 *
Ahmeek	157	Copemish	232	Kingston	450
Akron	461	Custer	318	Lake Ann	276
Alanson	785	Daggett	270	Lake Linden	1,081
Applegate	287	Dansville	429	Lake Odessa	2,272 *
Armada	1,537	Decatur	1,838 *	Lakeview	1,112 *
Ashley	526	Deckerville	944 *	Lakewood Club	1,006
Athens	1,111	Deerfield	1,005	L'Anse	2,107 *
Augusta	899	DeTour Village	421	Laurium	2,126 *
Baldwin	1,107	Dexter	2,338 *	Lawrence	1,059
Bancroft	616	Dimondale	1,342 *	Lawton	1,859
Baraga	1,285 *	Douglas	1,214 *	Leonard	332
Baroda	858	Dryden	815	LeRoy	267
Barryton	381	Dundee	3,522 *	Lexington	1,104 *
Bear Lake	318	Eagle	130	Lincoln	364
Bellaire	1,164	Eau Claire	656	Luther	339
Bellevue	1,365 *	Edmore	1,244 *	Lyons	726
Benzonia	519	Elberta	457	Mackinaw City	859 *
Berrien Springs	1,862	Elk Rapids	1,700 *	Mancelona	1,408 *
Blissfield	3,223 *	Elkton	863	Manchester	2,160
Bloomington	528	Elsie	1,055	Maple Rapids	843
Boyne Falls	370	Emmett	251	Marcellus	1,162
Breckenridge	1,339 *	Empire	378	Marion	836
Breedsville	235	Fairgrove	627	Maybee	505
Britton	699	Farwell	855	Mayville	1,055
Brooklyn	1,176	Fife Lake	466	McBride	232
Buckley	550	Forestville	127	Mecosta	440
Burlington	405	Fowler	1,136	Melvin	160
Burr Oak	797	Fowlerville	2,972 *	Mendon	917 *
Byron	595	Freeport	444	Merrill	782
Caledonia	1,102 *	Fruitport	1,124	Mesick	447
Calumet	879	Gagetown	389	Metamora	507
Camden	550	Gaines	366	Middleville	2,721 *
Capac	1,775	Gallen	593	Millersburg	263
Caro	4,145 *	Garden	240	Millington	1,137 *
Carsonville	502	Grass Lake	1,082	Minden City	242
Casnovia	315	Hanover	424	Montgomery	386
Cass City	2,643 *	Harrietta	169	Morley	495
Cassopolis	1,740 *	Hersey	374	Morrice	882
Central Lake	990	Hesperia	954	Muir	634
Centreville	1,579 *	Hillman	685 *	Mulliken	557
Chesaning	2,548 *	Homer	1,851 *	Nashville	1,684
Clayton	326	Howard City	1,585 *	New Era	461
Clifford	324	Hubbardston	394	New Haven	3,071
Climax	791	Jonesville	2,337 *	New Lothrop	603
Clinton	2,293 *	Kaleva	509	Newberry	2,686 *
Colon	1,227	Kalkaska	2,226 *	North Adams	514
Columbiaville	815 *	Kent City	1,061 *	North Branch	1,027
Concord	1,101	Kinde	534	Northport	648

Oakley	339	Quincy	1,701 *	Suttons Bay	589
Onkama	647	Reese	1,375 *	Tekonsha	712
Onsted	813	Richland	593	Thompsonville	457
Ontonagon	1,769 *	Romeo	3,721 *	Three Oaks	1,829
Ortonville	1,535 *	Roscommon	1,133 *	Tustin	237
Otter Lake	437	Rothbury	416	Twining	192
Ovid	1,514	Saint Charles	2,215 *	Ubly	873
Owendale	296	Sand Lake	492	Union City	1,804 *
Parma	907	Saranac	1,326	Unionville	605
Paw Paw	3,363 *	Schoolcraft	1,587 *	Vandalia	429
Peck	599	Sebewaing	1,974	Vanderbilt	587
Pellston	771	Shelby	1,914 *	Vermontville	789
Pentwater	958 *	Shepherd	1,536	Vernon	847
Perrinton	439	Sheridan	705	Vicksburg	2,320
Pewamo	560	Sherwood	324	Waldron	590
Pierson	185	South Range	727	Walkerville	254
Pigeon	1,207 *	Sparta	4,159 *	Webberville	1,503
Pinckney	2,141 *	Springport	704 *	Westphalia	876
Port Austin	737	Stanwood	204	White Pigeon	1,627
Port Hope	310	Stevensville	1,191 *	Wolverine	359
Port Sanilac	658	Stockbridge	1,260 *	Woodland	495
Posen	292	Sunfield	591		

* General Law Village with manager position

Advantages of village incorporation

Lois Thibault
Director, Information Services
Michigan Municipal League

"A locally developed and adopted home rule charter provides the maximum degree of local control to enable village elected officials to develop municipal policies, programs, services and capital improvements tailor made to their village."

There are 263 villages in Michigan, with incorporation dates ranging from the mid-1830s to the 1980s. At one time, these villages were all unincorporated areas of a township. All have rich histories, with their own unique reasons for the initial need to evolve from the most basic level of government, part of a township, to their current form, an incorporated village.

The basic driving force behind incorporation is the desire to establish a government capable of providing desired and efficient municipal services to a group of residents in a concentrated area. In a general law township, if an area of urban concentration exists, it is usually one small portion of the entire township. The township cannot equitably use general funds to provide higher or different levels of service to an area of concentrated population than is needed by the less densely populated remaining township area.

Many villages made the decision to incorporate because the residents in a particular area of the township required services that the township form of government was unable or unwilling to provide. By establishing a village, an organizational structure and a legal framework is created which is responsible solely and directly to the people it serves. The village form of government has certain taxing powers, which are not available to the township form of government, to provide the desired services to the citizens.

The Michigan Municipal League's Technical Topic, No. 12, *City or Village Incorporation From an Unincorporated Area* contains information on the incorporation advantages which typify the reasons Michigan villages initially incorporated. These advantages are:

- Incorporation provides the legal authority for exercising local control over functions which in the township are generally the responsibility of county agencies and over which the township exercises little or no control. Included are police protection, traffic control, highway construction and maintenance, snow removal, street lighting and health regulations.

- Incorporation provides the financial ability for all types of necessary local municipal services such as water, sewage disposal, fire protection, recreational facilities, off-street parking and similar activities. While townships may and sometimes do, perform some of these functions, their financial powers are limited. In addition, for townships to use general funds to provide such services to the densely built-up areas alone is not equitable to the rest of the township residents. It should be noted, however, that in some cases townships are furnishing certain types of services to built-up areas at no expense to other residents in the township through the use of special assessments.
- Incorporation provides the legal power to levy sufficient taxes to provide those services which citizens want and are willing to pay for through taxation. Townships are severely limited in the amount of taxes which may be raised for such purposes. No matter how demanding its citizens are for services, a general law township may not levy more taxes than the County Allocation Board will permit within the constitutional 15-mill limitation unless its citizens are willing to vote extra millage. Usually a general law township is allocated only one mill of the 15 mill levy.

If a township incorporates as a charter township, it is limited to five mills. However, that may be increased to 10 mills with voter approval.

- Incorporation permits the adoption of a home rule charter — one that is tailor-made to the needs of the community. The Home Rule Acts grant great flexibility in terms of power and governmental organization and administration. One example of such flexibility lies in the establishment of the election system which may provide for either partisan or nonpartisan elections. In the township, state law does not permit the use of nonpartisan elections.

- Incorporation assures that state-collected, locally-shared taxes are returned to and used in the area where the people live and where the density of population creates the greater need for governmental services.

Periodically the residents of a village may wish to evaluate whether or not the village form of government is still serviceable for the community's present needs and circumstances. Such an evaluation might lead a community to consider the next level of government, city status. Other considerations might be disincorporating and reverting to only the township form of government, remaining a village, or adopting a home rule village charter if the village is governed by Act 3 of 1895, the General Law Village Act.

Michigan is fortunate in that it is a state in which the concept of home rule is a constitutional principle. In 1909, the legislature adopted a home rule act for villages, which allows a high level of self-determination for villages. Forty-seven of Michigan's villages have reorganized under the Home Rule Village Act, and are governed under locally drafted and voter adopted home rule charters. The remaining 216 operate under Act 3 of 1895, amended, the general law village charter. All townships operate under either a general state law or the charter township act. No township can adopt a home rule charter.

It is basic that citizens understand the concept and the option of local home rule. A locally developed and adopted home rule charter provides the maximum degree of local control to enable village elected officials to develop municipal policies, programs, services and capital improvements tailor made to their village. This is local control at its best!

Incorporation as a home rule village is not a simple and easy process. It involves many months of work and effort to design a home rule charter specific to a community's needs which will have sufficient community consensus to have voter approval. There is a legal framework to guide this process which ensures citizen participation and approval. Two votes are involved, one to elect a charter commission which drafts the home rule charter, and a second vote to adopt or reject the charter as drafted, after review by the Governor. The State Boundary Commission determines whether or not the proposed village incorporation complies with certain statutory conditions. In all the process is open, deliberate and representative.

Population Facts

Michigan Cities & Villages (1990 Census Figures)

- **8 Cities over 100,000**
 - Detroit (1,027,974)
 - Grand Rapids (189,126)
 - Warren (144,464)
 - Flint (140,761)
 - Lansing (127,321)
 - Sterling Heights (117,810)
 - Ann Arbor (109,952)
 - Livonia (100,850)
- **17 Cities 50,000 - 100,000**
- **25 Cities over 50,000**
- **28 Cities over 40,000**
- **43 Cities over 30,000**
- **55 Cities over 20,000**
- **66 Cities over 15,000**
- **90 Cities over 10,000**
- **100 Cities and 1 Village over 8,500**
 - Beverly Hills (HRV) largest village (10,610)
 - Michigan's 100 largest cities have populations of over 8,500
 - 101st largest city is Fenton (8,444)
- **109 Cities and Villages over 7,500**
- **143 Cities and Villages over 5,000**
- **247 Cities and Villages over 2,000**
- **346 Cities and Villages over 1,000**
- **188 Cities and Villages under 1,000**
- **287 Cities and Villages under 2,000**
- **318 Cities and Villages under 2,500**
- **341 Cities and Villages under 3,000**
- **370 Cities and Villages under 4,000**
- **391 Cities and Villages under 5,000**
- **425 Cities and Villages under 7,500**



Labor Relations Consulting Service



The Michigan Municipal League provides labor relations consulting services for local governments on a fee basis.

Our services include:

- negotiating labor agreements;
- assisting with Act 312 arbitration cases;
- developing bargaining strategies;
- conducting specialized labor relations training programs for your staff; and
- helping you respond to representation petitions.

For more information on services or fees, please call Joseph Fremont at the Michigan Municipal League.

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(313) 662-3246
Michigan Municipal League
1675 Green Rd.; P.O. Box 1487
Ann Arbor, MI 48106

Appendix E

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUE:				
Taxes:				
Current property tax	\$ 96,750	\$ 96,750	\$ 101,065	\$ 4,315
Canal dredging assessment			11,665	11,665
Total taxes	<u>96,750</u>	<u>96,750</u>	<u>112,730</u>	<u>15,980</u>
Intergovernmental:				
State revenue sharing:				
Constitutional & Statutory	<u>63,800</u>	<u>63,800</u>	<u>76,943</u>	<u>13,143</u>
Miscellaneous:				
Interest earnings	5,000	6,000	15,302	9,302
Miscellaneous	1,500	500	5,092	4,592
Rentals-Airport	2,000	2,000	2,700	700
Gasoline-Airport	<u>6,000</u>	<u>6,000</u>	<u>1,692</u>	<u>(4,308)</u>
Total miscellaneous	<u>14,500</u>	<u>14,500</u>	<u>24,786</u>	<u>10,286</u>
TOTAL REVENUE	<u>175,050</u>	<u>175,050</u>	<u>214,459</u>	<u>39,409</u>
EXPENDITURES:				
Township board:				
Salaries and wages	4,000	4,000	2,954	1,046
Taxes-FICA	250	250	211	39
Meetings and education	1,750	1,750	200	1,550
Mileage	300	300	47	253
Pension contribution	<u>300</u>	<u>300</u>	<u>343</u>	<u>(43)</u>
Total township board	<u>6,600</u>	<u>6,600</u>	<u>3,755</u>	<u>2,845</u>
Supervisor:				
Salaries and wages	6,510	6,510	6,040	470
Pension contribution	2,500	2,500	1,188	1,312
Meeting and education	3,000	3,000	1,469	1,531
Mileage	1,000	1,000	543	457
Miscellaneous	300	300	125	175
Assessment roll preparation	7,500	7,500	5,904	1,596
Professional Fees	<u>1,000</u>	<u>1,000</u>		<u>1,000</u>
Total supervisor	<u>21,810</u>	<u>21,810</u>	<u>15,269</u>	<u>6,541</u>
Elections:				
Salaries and wages	1,500	1,500		1,500
Supplies	1,500	1,500	60	1,440
Mileage	500	500		500
Repairs and maintenance	1,000	1,000		1,000
Miscellaneous	<u>500</u>	<u>500</u>		<u>500</u>
Total elections	<u>5,000</u>	<u>5,000</u>	<u>60</u>	<u>4,940</u>

(Continued)

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

EXPENDITURES: (CONTINUED)	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Assessor:				
Salaries and wages	9,020	9,020	8,990	30
Miscellaneous	2,000	2,000	495	1,505
Total assessor	<u>11,020</u>	<u>11,020</u>	<u>9,485</u>	<u>1,535</u>
Clerk:				
Salaries and wages	9,020	9,020	8,185	835
Wages - Deputy clerk	1,500	1,500	812	688
Taxes - FICA	350	350		350
Pension contribution	6,000	6,000	675	5,325
Meetings and education	1,000	1,000		1,000
Pension administrative fees	500	500		500
Supplies	7,000	7,000	4,361	2,639
Professional fees	6,000	6,000	3,286	2,714
Dues and memberships	2,500	2,500	1,359	1,141
Telephone	4,000	4,000	3,249	751
Mileage	500	500	46	454
Printing and publishing	3,000	3,000	1,205	1,795
Insurance	15,000	20,868	15,017	5,851
Miscellaneous	5,500	10,487	2,935	7,552
Total clerk	<u>61,870</u>	<u>72,725</u>	<u>41,130</u>	<u>31,595</u>
Board of review:				
Salaries and wages	1,200	1,200	680	520
Miscellaneous	200	200	56	144
Education	250	250		250
Mileage	150	150		150
Supplies	50	50		50
Total board of review	<u>1,850</u>	<u>1,850</u>	<u>736</u>	<u>1,114</u>
Board of appeals:				
Salaries and wages	300	300		300
Miscellaneous	100	100		100
Mileage	100	100		100
Total board of appeals	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>

(Continued)

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
EXPENDITURES: (CONTINUED)				
Treasurer:				
Salaries and wages	9,020	9,020	10,664	(1,644)
Wages - Deputy treasurer	250	250		250
Taxes - FICA	50	50		50
Pension contribution	1,500	1,500	886	614
Meetings and education	1,200	1,200		1,200
Supplies	1,500	1,500	161	1,339
Mileage	250	250	46	204
Miscellaneous	2,000	2,000	33	1,967
Total treasurer	<u>15,770</u>	<u>15,770</u>	<u>11,790</u>	<u>3,980</u>
Township hall and grounds:				
Supplies	1,000	1,000	293	707
Utilities	10,000	10,000	10,642	(642)
Repairs and maintenance	10,000	22,732	17,828	4,904
Miscellaneous	1,000	1,000		1,000
Total township hall and grounds	<u>22,000</u>	<u>34,732</u>	<u>28,763</u>	<u>5,969</u>
Drains at large:				
Contracted services	<u>1,800</u>	<u>1,800</u>	<u>1,649</u>	<u>151</u>
Zoning administrator:				
Salaries and wages	<u>600</u>	<u>600</u>	<u>691</u>	<u>(91)</u>
Airport:				
Gas and oil		3,339	3,339	
Gas - mower	700	781	781	
Telephone	750	750	607	143
Insurance	6,000	6,000	4,700	1,300
Utilities	2,500	2,500	1,228	1,272
Repairs and maintenance	3,000	3,000	428	2,572
Taxes-State sales	500	500	115	385
Miscellaneous	1,000	1,000	310	690
Total airport	<u>14,450</u>	<u>17,870</u>	<u>11,508</u>	<u>6,362</u>
Capital outlay:				
Clerk	7,400	7,400	4,808	2,592
Township hall and grounds	40,000	82,018	8,960	73,058
Airport	2,000	2,000	623	1,377
Total capital outlay	<u>49,400</u>	<u>91,418</u>	<u>14,391</u>	<u>77,027</u>
TOTAL EXPENDITURES	<u>212,670</u>	<u>281,695</u>	<u>139,227</u>	<u>142,468</u>

(Continued)

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(37,620)</u>	<u>(106,645)</u>	<u>75,232</u>	<u>181,877</u>
OTHER FINANCING (USES):				
Operating transfers out	(150,000)	(100,000)	(100,000)	
Contribution to other governmental unit		<u>(67,098)</u>	<u>(67,098)</u>	
TOTAL OTHER FINANCING (USES)	<u>(150,000)</u>	<u>(167,098)</u>	<u>(167,098)</u>	<u>-</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES AND OTHER (USES)	<u>(187,620)</u>	<u>(273,743)</u>	<u>(91,866)</u>	<u>181,877</u>
FUND BALANCE-APRIL 1	743,224	743,224	743,224	
FUND BALANCE-MARCH 31	<u>\$ 555,604</u>	<u>\$ 469,481</u>	<u>\$ 651,358</u>	<u>\$181,877</u>

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - EMERGENCY SERVICES FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUE:				
Taxes-Current property tax	\$ 74,400	\$ 74,400	\$ 74,078	\$ (322)
Intergovernmental:				
Grants from county	3,600	3,600	3,300	(300)
FEMA grant			443	443
Charges for services	55,000	55,000	85,695	30,695
Miscellaneous - Interest earnings			155	155
TOTAL REVENUE	<u>133,000</u>	<u>133,000</u>	<u>163,671</u>	<u>30,671</u>
EXPENDITURES:				
Ambulance :				
Salaries and wages	38,500	38,500	43,449	(4,949)
Taxes-FICA	1,000	1,000		1,000
Pension contribution	6,000	6,000	2,725	3,275
Supplies	8,500	8,964	8,666	298
Professional fees		625	625	
Physicals and medical	200	200	23	177
Telephone	3,000	3,000	2,443	557
Insurance	6,000	6,108	6,108	
Repairs and maintenance	3,000	3,000	1,156	1,844
Miscellaneous	900	900	2,513	(1,613)
Mileage	800	800	772	28
Education and training	4,000	4,000	3,845	155
Billing fee	10,000	10,000	7,006	2,994
Capital outlay	8,000	8,000	6,247	1,753
Total Ambulance	<u>89,900</u>	<u>91,097</u>	<u>85,578</u>	<u>5,519</u>
Fire Department:				
Salaries and wages	16,000	16,000	17,014	(1,014)
Taxes-FICA	2,000	2,000	1,854	146
Supplies	2,500	2,500	759	1,741
Professional fees	750	750	625	125
Telephone	750	750	667	83
Gas and oil	3,000	4,000	3,377	623
Insurance	15,000	15,000	11,151	3,849
Repairs and maintenance	5,000	5,000	1,942	3,058
Miscellaneous	100	259	259	
Mileage	2,000	2,000	90	1,910
Dues and memberships	200	200	140	60
Physicals and medical	200	200	45	155
Education and training	2,000	2,000	90	1,910
Capital outlay	8,000	8,000	5,559	2,441
Total Fire Department	<u>57,500</u>	<u>58,659</u>	<u>43,572</u>	<u>15,087</u>
TOTAL EXPENDITURES	<u>147,400</u>	<u>149,756</u>	<u>129,150</u>	<u>20,606</u>

(Continued)

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - EMERGENCY SERVICES FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(14,400)</u>	<u>(16,756)</u>	<u>34,521</u>	<u>51,277</u>
FUND BALANCE-APRIL 1	35,883	35,883	35,883	
FUND BALANCE-MARCH 31	<u>\$ 21,483</u>	<u>\$ 19,127</u>	<u>\$ 70,404</u>	<u>\$ 51,277</u>

TOWNSHIP OF SEBEWAING

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY FUND FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUE:				
Taxes-Current property tax	\$ 37,000	\$ 37,000	\$ 37,241	\$ 241
Intergovernmental:				
State grant	2,000	2,000	3,903	1,903
Fines:				
Penal and book fines	16,000	16,000	16,500	500
Miscellaneous:				
Miscellaneous	3,000	3,000	3,164	164
Interest earnings	600	600	298	(302)
Contributions from private sources	5,000	5,000	11,014	6,014
Videos	5,000	5,000	5,501	501
Rent income - apartments	20,000	20,000	17,399	(2,601)
TOTAL REVENUE	<u>88,600</u>	<u>88,600</u>	<u>95,020</u>	<u>6,420</u>
PENDITURES:				
Salaries and wages	36,800	36,800	44,290	(7,490)
Employee benefits	13,200	13,200	6,746	6,454
Pension contribution	3,000	3,000	2,521	479
Supplies	3,000	3,000	3,541	(541)
Books, magazines and periodicals	7,415	7,415	8,384	(969)
Professional fees	1,400	1,400	1,350	50
Library participation fee	2,000	2,000	1,611	389
Telephone	1,300	1,300	905	395
Technology	700	700	835	(135)
Mileage	400	400	590	(190)
Insurance	4,100	4,100	4,355	(255)
Interest expense	885	885	885	
Utilities	4,500	4,500	4,997	(497)
Repairs and maintenance	1,000	1,000	293	707
Miscellaneous	400	400	1,535	(1,135)
Capital outlay	1,500	1,500	7,659	(6,159)
Rental expenses-apartments	7,000	7,000	7,690	(690)
TOTAL EXPENDITURES	<u>88,600</u>	<u>88,600</u>	<u>98,187</u>	<u>(9,587)</u>
CESS OF REVENUE				
(UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(3,167)</u>	<u>(3,167)</u>
ND BALANCE-APRIL 1	53,750	53,750	53,750	
ND BALANCE-MARCH 31	<u>\$ 53,750</u>	<u>\$ 53,750</u>	<u>\$ 50,583</u>	<u>\$ (3,167)</u>

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - FIRE EQUIPMENT SINKING FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Taxes:				
Current property tax	\$ 18,600	\$ 18,600	\$ 18,600	
TOTAL REVENUE	<u>18,600</u>	<u>18,600</u>	<u>18,600</u>	
EXPENDITURES:				
Professional fees	300	300	199	\$ 101
Abated taxes			551	(551)
TOTAL EXPENDITURES	<u>300</u>	<u>300</u>	<u>750</u>	<u>(450)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>18,300</u>	<u>18,300</u>	<u>17,850</u>	<u>(450)</u>
FUND BALANCE-APRIL 1	114,359	114,359	114,359	
FUND BALANCE-MARCH 31	<u>\$ 132,659</u>	<u>\$ 132,659</u>	<u>\$ 132,209</u>	<u>\$ (450)</u>

TOWNSHIP OF SEBEWAING

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE-
BUDGET AND ACTUAL - ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUE:				
Taxes - Current property tax	\$ 300,100	\$ 300,100	\$ 298,433	\$ (1,667)
Miscellaneous - Interest earnings	16,300	16,300		(16,300)
TOTAL REVENUE	<u>316,400</u>	<u>316,400</u>	<u>298,433</u>	<u>(17,967)</u>
EXPENDITURES:				
Professional fees	100	100	300	(200)
Abated taxes			8,840	(8,840)
Road brining	8,000	8,000	7,608	392
Brush spraying	1,000	1,000		1,000
Contributions to County Road Commission	170,000	170,000	170,629	(629)
TOTAL EXPENDITURES	<u>179,100</u>	<u>179,100</u>	<u>187,377</u>	<u>(8,277)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>137,300</u>	<u>137,300</u>	<u>111,056</u>	<u>(26,244)</u>
OTHER FINANCING SOURCES:				
Operating transfer in	150,000	100,000	100,000	
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	<u>287,300</u>	<u>237,300</u>	<u>211,056</u>	<u>(26,244)</u>
FUND BALANCE (DEFICIT)-APRIL 1	(62,358)	(62,358)	(62,358)	
FUND BALANCE-MARCH 31	<u>\$ 224,942</u>	<u>\$ 174,942</u>	<u>\$ 148,698</u>	<u>\$ (26,244)</u>